

VZCZCXRO3768
RR RUEHGR
DE RUEHGE #1183/01 3122029
ZNR UUUUU ZZH
R 082029Z NOV 06
FM AMEMBASSY GEORGETOWN
TO RUEHC/SECSTATE WASHDC 4377
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL
RUEHLMC/MILLENNIUM CHALLENGE CORPORATION WASHINGTON DC

UNCLAS SECTION 01 OF 02 GEORGETOWN 001183

SIPDIS

JUSTICE FOR AFMLS, OIA, AND OPDAT
TREASURY FOR FINCEN
EB/ESC/TFS

SIPDIS

E.O. 12958: N/A

TAGS: [EFIN](#) [KCRM](#) [KTFN](#) [GY](#)

SUBJECT: 2006-2007 INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT
(INCSR) PART II: GUYANA

REF: STATE 157000

GEORGETOWN 00001183 001.2 OF 002

¶1. The following text is post's narrative for Part II of the 2006-2007 International Narcotics Control Strategy Report, Financial Crimes and Money Laundering for Guyana.

BEGIN TEXT:

¶2. Guyana is neither an important regional or offshore financial center, nor does it have any notable offshore business sector or free trade zones. However, the scale of money laundering is thought to be large relative to the size of the economy, with some experts estimating that the informal economy is forty to sixty percent of the size of the formal sector. Money laundering has been linked to trafficking in drugs, firearms and persons, as well as to corruption and fraud. Drug trafficking and money laundering appear to be benefiting the Guyanese economy, particularly the construction sector. Investigating and trying money laundering cases is not a priority for law enforcement. The Government of Guyana (GOG) made no arrests or prosecutions for money laundering in 2006 due to a lack of adequate legislation and sustained attention by the government.

¶3. The Money Laundering Prevention Act passed in 2000 is ineffective due to inadequate implementing regulations, difficulties associated with finding suitable personnel to staff the Financial Intelligence Unit (FIU) and the Bank of Guyana's lack of capacity to fully execute its mandate. Crimes covered by the Money Laundering Prevention Act include narcotics trafficking, illicit trafficking of firearms, extortion, corruption, bribery, fraud, counterfeiting and forgery. The Act does not specifically cover the financing of terrorism in its schedule of prescribed offences. The law also requires that incoming or outgoing funds over \$10,000 be reported. Licensed financial institutions are required to report suspicious transactions, although banks are left to determine thresholds individually according to banking best practices. As of October 2006, the FIU has received approximately one hundred suspicious transaction reports since its inception, around 60 of which came in the past year. Financial institutions must keep suspicious activity reports for six years. The legislation also includes provisions regarding confidentiality in the reporting process, good faith reporting, penalties for destroying records related to an investigation, asset forfeiture, tipping off and international cooperation.

¶4. The GOG established a Financial Intelligence Unit (FIU) within the Ministry of Finance in 2003. The FIU is currently a one-person organization. Building on assistance from U.S. funding through July

2005, the GOG currently funds the FIU. In addition to the FIU, government bodies responsible for investigating financial crimes include the Guyana Revenue Authority, the Customs Anti-Narcotics Unit, the Attorney General and the Director for Public Prosecutions.

¶5. The Money Laundering Act of 2000 provides for seizure of assets derived as proceeds of crime, including money, investments and real and personal property, but the guidelines for implementing seizures/forfeitures have not been finalized. The FIU has prepared drafts of legislation related to terrorist finance and money laundering. The new legislation is also expected to provide for oversight of export industries, the insurance industry, real estate and alternative remittance systems. The draft money laundering act failed to make the legislative agenda before the dissolution of Parliament in May 2006.

¶6. The Ministry of Foreign Affairs and the Bank of Guyana (the Central Bank) continue to assist U.S. efforts to combat terrorist financing by working towards coming into compliance with relevant United Nations Security Council Resolutions (UNSCRs). In 2001 the Bank of Guyana, the sole financial regulator as designated by the Financial Institutions Act of March 1995, issued orders to all licensed financial institutions expressly instructing the freezing of all financial assets of terrorists, terrorist organizations, individuals and entities associated with terrorists and their organizations. Guyana has no domestic laws authorizing the freezing of terrorist assets, but the government created a special committee on the implementation of UNSCRs, co-chaired by the Head of the Presidential Secretariat and the Director General of the Ministry of Foreign Affairs. To date the procedures have not been tested, as no terrorist assets have been identified as located in Guyana. The FIU Director also disseminates the names of suspected terrorists and terrorist organizations listed on the UN 1267 Sanctions Committee's consolidated list to relevant financial institutions.

¶7. Guyana is a member of the OAS' Inter-American Drug Abuse Control
GEORGETOWN 00001183 002.2 OF 002

Commission (OAS/CICAD) Experts Group to Control Money Laundering. A 2003-2004 CICAD review of Guyana's efforts against money laundering noted deficiencies in implementation, resources and the legal framework. Guyana is also a member of the Caribbean Financial Action Task Force (CFATF) and participated in CFATF's first mutual evaluation process in November 2004. Guyana is a party to the 1988 UN Drug Convention. Guyana became a party to the UN Convention against Transnational Organized Crime by accession on September 14, ¶2004. Guyana has not signed the UN International Convention for the Suppression of the Financing of Terrorism.

¶8. The GOG should introduce the draft Anti-Money Laundering Act to Parliament early in the legislative session and provide greater autonomy for the FIU by making it an independent unit with its own budget and office space. Guyana should also provide appropriate resources and awareness training to its regulatory, law enforcement and prosecutorial personnel. Guyana should criminalize terrorist financing and adopt measures that would allow it to block terrorist assets. In addition, Guyana should seize opportunities to sensitize the public to the harmful impact of money laundering on legitimate businesses and the national economy.

END TEXT.

¶9. Requests for further information should be submitted to Nancy Long, Economic/Commercial Officer, at LongNE@state.gov.

ROBINSON